The Construction Sector Transparency (CoST) Initiative: Final Report for the World Bank Development Grant Facility

November 2015
Authors
This report has been authored by John Hawkins with assistance from Bernadine Fernz, Petter Matthews, Maria da Graça Prado and Jill Wells from Engineers Against Poverty.
1. Report summary .............................................................................................................. 1
   1.1 Key achievements ................................................................................................. 1
   1.2 Key priorities ......................................................................................................... 2
   1.3 Key findings ........................................................................................................... 2
   1.4 Conclusions .......................................................................................................... 3
   1.5 Recommendations ............................................................................................... 4
2. Reconfiguring the CoST Programme in current CoST countries ...................... 5
   2.1 Operating and maintaining the Multi-Stakeholder Group (MSG) in each country ... 5
   2.2 Scoping studies: Adapting CoST to the political economy of public infrastructure ... 10
   2.3 Establishing a Formal Disclosure Requirement .................................................. 11
   2.4 Ensuring compliance with the formal disclosure requirements .......................... 13
   2.5 Delivering assurance reports .............................................................................. 13
   2.6 Developing the Infrastructure Data Standard ...................................................... 15
   2.7 From transparency to accountability: building demand for the disclosed data ....... 16
   2.8 Supervision and monitoring of MSG activities and disbursement of DGF funds ...... 17
3. Establishing a CoST Global Program ................................................................. 18
   3.1 Delivering the design document .......................................................................... 18
   3.2 Building global demand for transparency and accountability in public infrastructure 18
   3.3 Assessing applications to join CoST .................................................................... 20
   3.4 Defining a CoST programme ............................................................................... 21
   3.5 Obtaining additional financial resources ............................................................ 21
   3.6 Private sector support ......................................................................................... 23
   3.7 Supporting the Board ......................................................................................... 26
   3.8 Identifying and measuring success ...................................................................... 26
5. Conclusions ............................................................................................................... 29
6. Recommendations ...................................................................................................... 32
1. Report summary

In November 2011, the World Bank made available to Engineers Against Poverty (EAP) a grant of US$500,000 per annum for three years through the Development Grant Facility to support the Construction Sector Transparency Initiative (CoST). The third year agreement was signed in March 2014 with the funding disbursed to EAP in April 2014. Building on the lessons and implementation experience of the 2008 to 2011 CoST Pilot phase, the specific objectives of the Grant were to: a) continue to implement the reconfigured programme in current and new CoST countries; and b) further develop the CoST global programme by incorporating new country participants, funding agencies and private sector supporters into the partnership.

This report summarises the key achievements and findings from November 2011 until December 2014 based on an analysis of the data that has been gathered over this period. We then draw some conclusions and recommendations on how CoST can be further improved. The report is written in the context of the UK Department for International Development agreeing to invest up to £7m over 5 years in the programme. A condition of this funding is a strategic review of the CoST programme.

1.1 Key achievements

In our previous reports we have summarised the achievements from the previous six months. For this final report, we have summarised the ten most important achievements from the last three years up to 31 March 2015 as follows:

a. Six new countries (Afghanistan, El Salvador, Honduras, Thailand, Uganda and Ukraine) in 4 continents have joined the programme.

b. Savings totalling $8m were identified following the action taken on two projects that were included in the pilot programme assurance process.

c. Established Formal Disclosure Requirements in Ethiopia, Guatemala, Honduras and Vietnam providing a legal basis for mandating the disclosure of the data contained in the CoST Infrastructure Data Standard across the public sector.

d. Disclosure is now scaling up with Guatemala leading the way by disclosing data on 1240 projects on its e-procurement portal, Guatecompras.

e. Validated the disclosure of 95 projects through the CoST assurance; five fewer than the pilot with a fraction of the resource1.

f. Increased private sector and civil society representation and participation on Multi-Stakeholder Groups (MSG).

g. Introduced a formal process for managing poor performance that can potentially lead to a participating country having their CoST status revoked.

h. Secured a financial contribution of €1m ($1.23m) from the Dutch Ministry of Foreign Affairs and a commitment in principal to contribute £7m ($10.5m) over 5 years from the UK’s Department for International Development.

i. Established a reputation for technical excellence by delivering a number of international, regional and national capacity building workshops and publishing a series of Guidance Notes on establishing and implementing a CoST programme.

j. Built an international reputation for expertise in corruption and mismanagement in public infrastructure by speaking at OECD, G20 and FIDIC events and position papers for the G20, C20 and B20.

k. Three of the top eight international contractors (Bechtel, Strabag and Skanska) are now CoST supporters.

---

100 projects were included in the pilot programme assurance process. The pilot received £3.7m in funding from the UK Department for International Development.
1. Established CoST as an independent legal entity, the first Charity registered in the UK with ‘transparency’ as part of its principal public benefit.

1.2 Key priorities

There was a period of approximately 12 months between the completion of the DFID funded pilot project and the provision of grant support by the World Bank. Our immediate priority for the country programmes therefore was to assess if the MSGs in the former pilot countries were still operating after an extended period without support. For the global programme, the immediate priorities were to finalise the design of the new programme and launch the Global Programme.

With these tasks completed, there were three priorities that were fundamental to achieving the goal of establishing CoST as a Global Programme. Firstly, as the DGF grant was purely start-up capital, it was essential that additional funding was attracted to the programme. Without it, there would be doubts about the long-term future of CoST. Secondly, it was important to bring new countries into the programme to demonstrate a demand for CoST. Finally, for country programmes, MSGs and procuring entities were supported to start disclosing data from their infrastructure programmes. Without disclosure, our goal of increasing transparency and accountability could not be achieved. We also required early results and impact stories to persuade donors to support CoST.

1.3 Key findings

The breadth of the CoST programme is such that there are numerous findings in this report. We have summarised what we consider to be the most important findings in this section.

a. The hiatus between the end of the country pilots in late 2010 and the launch of the Global programme in October 2012 caused a loss of momentum and considerable uncertainty at the national level. Rebuilding this momentum proved more time consuming and difficult than was envisaged and in some cases it has still not been rebuilt.

b. There was lack of political commitment from some former pilot countries following their automatic admission into the new programme.

c. Successful MSGs have had access to funding, high level political support and an effective National Secretariat.

d. MSGs have recognised the need for more balanced representation and greater legitimacy in the appointment or election of members. They have also taken steps to improve participation. However, there are concerns about potentially corrupt or illegitimate members, the effectiveness of some MSG members and the legal status of the MSG.

e. A National Secretariat requires a broad range of knowledge, experience and skills. The Coordinators job title has changed to Manager in several cases to reflect their role and status.

f. Technical assistance at an early stage in the establishment of new MSGs has proved essential to shaping their operating rules and procedures as well as building trust and collaborative working.

g. There are some emerging examples of the potential for MSGs to align and cooperate with other multi-stakeholder initiatives.

h. A scoping study provides a more strategic overview of transparency and accountability in public infrastructure that identifies the value added of CoST and how it can be adapted to reflect the local political economy.

i. Having the right government representative on the MSG plus high-level political support has been critical to establishing a Formal Disclosure Requirement (FDR). A public advocacy campaign has been necessary where there are barriers to establishing an FDR.

j. The formal disclosure requirement can provide a legal basis for delivering systemic change in the transparency of public infrastructure. This is demonstrated by the rapid growth in the amount of data disclosed in Guatemala. It also requires capacity to disclose the data, strong
oversight authorities to enforce the FDR and civil society capacity to hold the procuring entities to account for non-compliance with the FDR.

k. Assurance reports continued to highlight issues of concern such as extensive time and cost increases that are of interest to the public. However, there are challenges with delivering quality reports in simple language that the public can easily access and understand.

l. The shift from disclosing documents in the pilot that are difficult for the public to understand to disclosing summary data in the Infrastructure Data Standard format was supported by evidence from a World Bank study into disclosure on PPP contracts.

m. Examples are emerging which demonstrate that MSGs can build demand amongst civil society and the media in the disclosed data and the assurance reports and influence key decision-makers to act on the issues raised.

n. There is a demand from both national and international stakeholders for the International Secretariat to provide hands on support to national programmes in setting and maintaining standards for the CoST programme.

o. The design document provided a thorough examination of the different options for taking the programme forward. However, its use as a base document for marketing and guidance material created an impression of an overly technical programme. Market research into donor attitudes towards CoST in April 2014, indicated that this approach was a possible barrier to funding.

p. Participation in events organised by the G20, OECD, and the Open Government Partnership demonstrates that CoST is recognised as a thought leader in transparency and accountability in public infrastructure. However, the lack of global media interest remains a challenge.

q. Attracting six countries from four continents demonstrates the global importance of transparency and accountability in public infrastructure. However, we have yet to sufficiently demonstrate the value of CoST to persuade an additional G20 or OECD country to join the programme.

r. Identifying and managing political economy risks during the engagement and application process to join CoST is critical to understanding the potential challenges of establishing a country programme. Establishing a successful programmes requires high level political support, private sector and civil society engagement and immediate funding.

s. The ‘islands of integrity’ approach of starting CoST programmes with one procuring entity has considerable merit. However, it has been a challenge to justify the country programme brand for a small-scale programme. There are also questions whether a single membership category is appropriate given the diversity of investors in public infrastructure.

t. A construction focus and a lack of clarity on how CoST has a human impact has hindered fundraising efforts. This problem was compounded by confusing signals from DFID about its support for CoST beyond the pilot phase.

u. The number of international private sector supporters indicates there is interest and support for CoST. However, more work is necessary to ‘flesh out’ what it means to be a private sector supporter.

v. The Board provides an important leadership and oversight function for CoST. It could be further strengthened with an investment of time and resources.

1.4 Conclusions

It is too early to draw firm conclusions as to whether CoST has developed the right approach to delivering greater transparency and accountability in public infrastructure. However, a considerable amount has been achieved during the grant period. CoST is now in a position to achieve the primary purpose of the grant which was to scale up into a Global Programme. This follows DFID’s agreement in principle to make a significant long-term investment in the programme.
We have also seen that there are number of challenges to resolve including persuading procuring entities to disclose proactively, publishing quality assurance reports that are understandable and accessible to the public and engaging civil society on a consistent basis to generate demand in the disclosures.

There are also a number of questions that have yet to be answered. Can the new features of the assurance process deliver the anticipated results? What is the potential of the Infrastructure Data Standard as an open data standard? Can CoST be successfully applied to PPPs? Given the diversity of how public infrastructure is delivered, is a single category of CoST membership appropriate? How do we engage the international private sector and civil society and identify their potential role in the programme?

We can draw some firmer conclusions on the conditions that are needed for success based on the experience of establishing six new country programmes. Key to this is political will and the impact of the broader political economy. We also have some clear conclusions as to how and to what extent CoST, especially the MSGs, can influence change through informal engagement with key stakeholders or through a broader advocacy campaign.

The International Secretariat’s role over the period of the grant agreement has also evolved with a much greater emphasis on identifying and managing political economy risks. There is also a strong demand from national and international stakeholders for the International Secretariat to be proactive in setting and monitoring standards of implementation. Now that the long-term future of CoST has been secured, there is also likely to be a stronger emphasis on advocacy at a global level.

Finally, we are very excited that DFID is committed to providing the investment that is required to scale-up CoST. This investment will help to provide us with the conclusions to the unanswered questions and demonstrate the value of greater transparency and accountability in public infrastructure. It is extremely unlikely that this investment would have been made had it not been for the DGF grant and in that sense all those involved in CoST are indebted to the World Bank for its support.

1.5 Recommendations

The following recommendations are drawn from the findings and conclusions made in the previous sections.

a Build the capacity of MSGs to develop an innovative strategy that engages key decision-makers, includes a broad-based advocacy campaign and directly engages with citizens. MSGs should also be encouraged to align their efforts with those of other Multi-Stakeholder Initiatives

b Develop guidance for MSGs on the options for identifying a host organisation or registering CoST as a legal entity based on how similar organisations such as the Extractive Sector Transparency Initiative or Transparency International manage their national operations.

c Commission a data expert to develop guidance and a tool that maximises the potential of the Infrastructure Data Standard as an open data standard.

d Commission a study to identify the value of CoST for high income countries.

e Consider adopting different categories of CoST membership to reflect the potential for national and sub-national programmes.

f Identify how CoST should engage with the international private sector by mapping the incentives and barriers to their participation before considering if and how the Supporter status should be developed.

g Identify how international civil society organisations could support the International Secretariat in building demand for greater transparency and accountability in public infrastructure.

h Develop a set of assumptions to the results chain based on political will and the role of the MSG. Use the results chain to develop a structure for stories of change and case studies from the country programmes.
2. Reconfiguring the CoST Programme in current CoST countries

2.1 Operating and maintaining the Multi-Stakeholder Group (MSG) in each country

a. The hiatus between the end of the country pilots in late 2010 and the launch of the Global programme in October 2012 caused a loss of momentum and considerable uncertainty at the national level. Rebuilding this momentum proved more time consuming and difficult than was envisaged and in some cases it has still not been fully rebuilt.

In the early months of the DGF agreement, we were encouraged to find that the majority of the MSGs had continued to meet since the pilot concluded. However, it was clear there was considerable uncertainty within the MSGs about the future of CoST. Due to this uncertainty, MSGs were less able to maintain relationships with their stakeholders or continue to promote CoST. The lack of certainty led to country programmes losing momentum and crucially the support of Government. It was only at the Launch of the Global Programme in October 2012 that the MSGs were reassured that CoST would continue albeit with less resources than the pilot.

b. There was lack of political commitment from some former pilot countries following their automatic admission into the new programme

All former pilot countries were automatically admitted into the Global Programme. In hindsight, the Interim Board should have formally written to the CoST Champion or where there was no Champion, a senior Minister requiring the Government to reaffirm its commitment to CoST and to submit an implementation plan prior to the Launch.

By asking Governments and MSGs to reaffirm their commitment to CoST, there was a risk that we may have lost 1 or 2 countries. However, it would have provided the majority of MSGs with the political support that was needed to recover the momentum necessary for re-launching their programmes. It would also have ensured that each country met the criteria for joining CoST.

c. Successful Multi-Stakeholder Groups have had access to funding, high level political support and an effective National Secretariat

The MSGs in Ethiopia, Guatemala, Malawi and Vietnam have recovered from this lost momentum and have achieved some excellent results. Key to this was additional funding from donor country offices (or in the case of Guatemala, the Government), high level political support, and an active MSG that influenced key decision-makers supported by a competent national secretariat. The MSGs in Tanzania and the Philippines have struggled to regain momentum principally due to a lack of political support and a lack of resources. However, the MSGs have continued to meet and more recently have taken steps towards influencing key political institutions. The MSGs in the UK and Zambia are dormant and not performing.

d. MSGs have recognised the need for more balanced representation and greater legitimacy in the appointment or election of members. They have also taken steps to improve participation. However, there are examples of concerns about potentially corrupt or illegitimate members, the effectiveness of some MSG members and the legal status of the MSG.

Following the pilot, MSGs recognised that representation had to be more balanced with greater participation from the private sector and especially civil society. Table 1 on the following page indicates that MSGs have achieved this. The table also highlights a significant increase in MSGs chairs drawn from the private sector and civil society. An MSG Chair drawn from civil society or the private sector helps to overcome any perception of a government led CoST programme.
<table>
<thead>
<tr>
<th></th>
<th>Government</th>
<th>Private sector</th>
<th>Civil society</th>
<th>Other</th>
<th>Total</th>
<th>MSG Chairs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghanistan</td>
<td>N/A</td>
<td>3</td>
<td>N/A</td>
<td>2</td>
<td>N/A</td>
<td>1</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>4</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>El Salvador</td>
<td>N/A</td>
<td>4</td>
<td>N/A</td>
<td>1</td>
<td>N/A</td>
<td>1</td>
</tr>
<tr>
<td>Guatemala</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Honduras</td>
<td>N/A</td>
<td>6</td>
<td>N/A</td>
<td>4</td>
<td>N/A</td>
<td>0</td>
</tr>
<tr>
<td>Malawi</td>
<td>17</td>
<td>5</td>
<td>1</td>
<td>2</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Philippines</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Tanzania</td>
<td>5</td>
<td>6</td>
<td>2</td>
<td>4</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Uganda</td>
<td>N/A</td>
<td>4</td>
<td>N/A</td>
<td>3</td>
<td>N/A</td>
<td>3</td>
</tr>
<tr>
<td>UK</td>
<td>2</td>
<td>3</td>
<td>5</td>
<td>2</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Vietnam</td>
<td>9</td>
<td>11</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>48</td>
<td>16</td>
<td>27</td>
<td>14</td>
<td>31</td>
</tr>
<tr>
<td>Percentage</td>
<td>54.0</td>
<td>43.24</td>
<td>21.62</td>
<td>24.32</td>
<td>18.91</td>
<td>27.93</td>
</tr>
</tbody>
</table>

Notes:
- Key: G = Government, PS = Private Sector, CS = Civil Society
- Pilot figures are obtained from the Independent Evaluation of the CoST pilot
- Global programme figures are based on the information provided by the MSGs for the independent evaluation
- Zambia was not included in the table due to incomplete data from the current programme
Legitimacy

We have also seen MSGs gain greater legitimacy through an election process for its members (Tanzania, Uganda and Honduras) or ratifying the appointment of members through an Annual General Assembly (Ethiopia). On two or three occasions, EAP was informed that it was commonly known that an MSG member was engaged in corruption within the construction sector. On one occasion, an MSG asked for advice on how they could remove the member without alluding to the allegations. This type of issue has the potential to threaten the legitimacy of the MSG. It is important that MSG members are subject to a due diligence process by the institution leading the programme when establishing the MSG and by the MSG itself once it is established. The International Secretariat can publish formal guidance on how this can be carried out and give informal advice to MSGs when they identify a rogue or illegitimate member.

Participation and effectiveness

Many MSG Members contribute a considerable amount of their time to CoST activities such as MSG meetings, organising events, attending bilateral meetings and reviewing publications. Our impression is that participation and attendance at MSG meetings has improved since the pilot but remains a challenge in some countries. Some MSGs have become more robust in managing poor attendance. For example, the Ethiopia MSG asks the organisation to nominate a new member when their representative has not attended a number of meetings.

Guidance on the role of an MSG member is required to further improve their effectiveness. This includes in some cases engaging the organisations represented on the MSG to nominate higher calibre representatives who have the gravitas, experience and authority to fully participate as a MSG member. It also requires a two-way consultation process between the MSG member, the organisation they represent and their stakeholder group. This broader engagement will help improve the effectiveness and legitimacy of the MSG.

Legal status

Some MSGs have also been concerned about their legal status. The majority of MSGs are reliant on host organisations that use their legal status to provide office space, banking facilities and to be the recipient or guarantor for funding agreements both from EAP and donor organisations. Where it has worked well, the host organisations provides an effective independent support service such as procurement, finance and human resources. They have also used their position to leverage support within Government. On occasion, it has resulted in the host organisation controlling the programme. This can have implications for the independence of the programme and be a barrier to applying for funding.2

Only the Philippines and Guatemala have registered CoST as an independent organisation. Several others such as El Salvador, Ethiopia, Honduras and Tanzania have looked at the options for registering CoST. We have informed these programmes how CoST was registered in the UK but have not been able to give any further guidance as we are unaware of their legal frameworks for registering organisations.

Whether CoST is hosted by a respected institution or is established as an independent legal independent entity is a country specific issue. However, additional guidance based on research and consulting similar organisation such as EITI and Transparency International is required to help MSGs identify the right approach. The scope of the Scoping Study could also be further expanded to identify the appropriate or operational framework for CoST within the country.

e. A National Secretariat requires a broad range of knowledge, experience and skills. The Coordinators job title has changed to Manager in several cases to reflect their role and status.

All of the programmes that have achieved significant results (Ethiopia, Honduras, Guatemala and Malawi) have a full-time and effective Coordinator working with the MSGs – see table 2 on page 9. The exception is Vietnam which has not had an official coordinator in place since 2013. However, there has been support for CoST within the Ministry of Construction especially in

2We understand that the delays in AfDB disbursement to CoST Malawi were due to AfDB’s concerns that the grant recipient was a third party
relation to the development of the Formal Disclosure Requirement. In contrast, Zambia and the UK had part-time Coordinators who have been unable to drive the programme forward.

Some MSGs have become smarter in identifying the relevant profile needed at a given stage of their country programmes. For example, Malawi’s Coordinator has a strong background in fundraising. They are also taking greater responsibility for the performance of their coordinators. For example, the Tanzania MSG did not renew the contract for their Manager due to poor performance. One country was unwilling to make a change despite performance issues being raised with the MSG Chair. Going forward, the International Secretariat could request that the MSG change the coordinator as a condition of receiving a grant.

Coordinators have also been affected by the lack of funding. There has been uncertainty over the status, duration and renewals of contracts and there have been delays or disruptions to payment of wages. In one or two cases this has led to some disenchantment and deterioration in the performance of a Coordinator. Nonetheless, the Coordinators have generally remained loyal to their MSGs and to CoST.

The range of knowledge, experience and skills that a Coordinator requires encompasses communications, advocacy, policy, technical understanding, fundraising, financial management and office administration. As it is unlikely that any one individual will possess each of these attributes, there is a gap in capacity that has to be filled. The MSG was designed to support the Coordinator with Members filling in any gaps in knowledge or skills and delivering some of the activities. In practice, few MSGs are able to offer this support due to the time constraints of MSG members. Going forward, as programmes grow and assuming resources are available, a National Secretariat of 2 to 3 full-time employees may be required. The alternative is to outsource certain functions such as advocacy and civil society engagement to a civil society organisation represented on the MSG. In the short-term, the Coordinators job title will be change to Manager to reflect the status and requirements of the role.

f. Technical assistance at an early stage in the establishment of new MSGs has proved essential to shaping their operating rules and procedures as well as building trust and collaborative working.

A key recommendation from the pilot was to invest in building MSG capacity at an early stage in their establishment. EAP has taken this recommendation forward by helping stakeholders in new CoST countries to shape their operating rules and procedures and deliver activities and exercises designed to improve collaboration and team-working. Our approach was established in a Guidance Note on establishing a Multi-Stakeholder Group and then delivered through technical assistance workshops typically funded by other sources of income.

An example of how investing in capacity building has paid dividends is the rapid implementation of CoST in Honduras. The MSG capacity was built initially through technical assistance workshops facilitated by the International Secretariat. The MSG then held a second two day workshop facilitated by the Coordinator where team building was a key element. At the Central America Regional Workshop the MSG members agreed that they represent their stakeholder groups during MSG meetings but when faced with an external audience, they represent CoST as a unified unit. This means they would support the MSGs decision even if they dissented during the decision making process.

It is clear that on-going capacity building is required as members change, the political, economic and social dynamics evolve and priorities shift. Although we have visited each former pilot country at least twice over the last three years, this fell far short of meeting their needs and progress has undoubtedly been much slower as a result. This has also meant that we have been unable to resolve some issues that MSG members and coordinators have shared with us. A multi-stakeholder workshop in each country is required to formally draw out the issues and to obtain agreement on the way forward that satisfies all stakeholders.

---

3 Often funded by a non-DGF source
<table>
<thead>
<tr>
<th>Country</th>
<th>Employment status</th>
<th>Appointmen t date</th>
<th>Salary / rate</th>
<th>Funder</th>
<th>Employer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghanistan</td>
<td>Part-time</td>
<td>July 2014</td>
<td>Unknown</td>
<td>Ministry of Economy</td>
<td>Ministry of Economy</td>
</tr>
<tr>
<td>El Salvador</td>
<td>Full time</td>
<td>July 2014</td>
<td>$1,800</td>
<td>International Secretariat</td>
<td>Chamber of Construction</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>Full time</td>
<td>September 2012</td>
<td>$2,000 p/m</td>
<td>International Secretariat</td>
<td>Federal Ethics and Anti-corruption Commission (Host)</td>
</tr>
<tr>
<td>Guatemala</td>
<td>Full time</td>
<td>September 2012</td>
<td>$3,000 p/m</td>
<td>Presidential Commission for Anti-Corruption and E-Government</td>
<td>Presidential Commission for Anti-Corruption and E-Government</td>
</tr>
<tr>
<td>Honduras</td>
<td>Full time</td>
<td>July 2014</td>
<td>TBC</td>
<td>World Bank</td>
<td>World Bank</td>
</tr>
<tr>
<td>Malawi</td>
<td>Full time</td>
<td>April 2013</td>
<td>$1,600 p/m</td>
<td>International Secretariat</td>
<td>National Construction Industry Council (Host)</td>
</tr>
<tr>
<td>Philippines</td>
<td>Full time</td>
<td>July 2009</td>
<td>$1,400 p/m</td>
<td>International Secretariat</td>
<td>CoST Philippines Foundation</td>
</tr>
<tr>
<td>Tanzania</td>
<td>Full time</td>
<td>June 2013</td>
<td>$2,000</td>
<td>DFID Tanzania</td>
<td>National Construction Council (host)</td>
</tr>
<tr>
<td>UK</td>
<td>Part time</td>
<td>May 2013</td>
<td>Unknown</td>
<td>Institution of Civil Engineers</td>
<td>Institution of Civil Engineers (Host)</td>
</tr>
<tr>
<td>Vietnam</td>
<td>Full time administrator / part-time coordinator</td>
<td>January 2012 to December 2013</td>
<td>Administrator - $1455 per month Coordinator – $223 per day</td>
<td>2012 - DFID Vietnam 2013 - International Secretariat</td>
<td>DFID Vietnam &amp; International Secretariat</td>
</tr>
<tr>
<td>Zambia</td>
<td>Part-time coordinator &amp; accountant</td>
<td>January 2012 to August 2012</td>
<td>$566</td>
<td>International Secretariat</td>
<td>National Council for Construction (host)</td>
</tr>
</tbody>
</table>
We have also delivered an African Regional Workshop, a Central American Regional Workshop, an International Workshop, a Coordinators Workshop and Regional Advisors Workshop with funding from non-DGF sources. We have received excellent feedback from the participants at these workshops. We believe this reflects our approach of consulting with the participants prior and following the workshop through needs and evaluation surveys.

The participants benefit from sharing experiences and lessons and having the time and space to consider how their programmes can be improved. By using one or two countries such as Ethiopia as regional leaders we have helped to increase the understanding amongst other countries.

To increase the likelihood of uptake and implementation of our key messages, we have started to communicate directly and more formally with the full MSG. This has included a consultation paper on performance monitoring and branding. We also invited the full MSGs and Coordinator from Honduras, Guatemala and El Salvador to the Central America Workshop. This allowed for a constructive discourse that drew out the challenges and issues of each programme. For one MSG, it was the first time there was a formal discussion about how a more participatory process could be developed to address the governments’ control of the programme.

g. There are some emerging examples of the potential for MSGs to align and cooperate with other multi-stakeholder initiatives

The growth of multi-stakeholder initiatives (MSIs) such as the Open Government Partnership, the Extractive Industries Transparency Initiative and the Open Contracting Partnership as well as CoST in many countries, provides an opportunity for MSGs. We have already seen the CoST Ethiopia MSG support the Governments application to join EITI and then support the establishment of their MSG. Guatemala and the UK included CoST in their OGP Action Plans. This alignment could be developed further to initially support each other in building the case for greater transparency and accountability. In the longer term it could be that MSIs come together to start sharing resources such as secretariat support and offices and potentially merge their respective MSGs. A country applying to join CoST may also opt to use an existing MSI platform rather than establish a new MSG and National Secretariat. MSGs should be encouraged to examine these options as they develop their programmes.

2.2 Scoping studies: Adapting CoST to the political economy of public infrastructure

A scoping study\(^5\) provide a more strategic overview of transparency and accountability in public infrastructure that identifies the added value of CoST and how it can be adapted to reflect the local political economy.

During the pilot each country published a baseline study that produced some very interesting data such as comparing the gap between the current disclosure requirements within a country and actual disclosure. However, the studies did very little analysis of how CoST could add value to public infrastructure and how it should be adapted to reflect the political economy of public infrastructure. A disproportionate amount of time was also spent on collecting data on completed projects. The purpose of this data collection was to provide a benchmark on performance indicators such as time and cost increases that could be used in the future to measure the impact of CoST.

A key change was a stakeholder mapping component as part of a broader scoping study. Gathering baseline data on the current disclosure requirements and actual disclosure is still a key part of the study, but it is now a means to an end, rather than an end in itself. The benchmark for performance indicators such as changes in time and cost are now taken from published audit reports or the first disclosure and assurance process. The study examines the incentives and barriers to participation and how CoST adds value to infrastructure investment. It then identifies how CoST can be adapted to the local context.

\(^4\)At the two most recent workshops, 100% of participants voted “good” or “very good” when asked whether the workshop met their needs and expectations.

\(^5\)The scoping study replaced the more narrowly focused baseline study.
This new approach is reflected in the first scoping study to be completed. The Ukravtodor (Ukraine National State Roads Agency) Scoping Study reflects the challenging political economy within Ukraine by recommending how high level political support for CoST could be leveraged. It also identifies the different stakeholders who could potentially form an MSG, potential host organisations, and a disclosure standard that could be tested on a few pilot projects. El Salvador and Honduras have also completed their scoping studies and Thailand’s is expected shortly.

2.3 Establishing a Formal Disclosure Requirement

Having the right government representative on the MSG plus a high-level political support has been critical to establishing a Formal Disclosure Requirement (FDR). A public advocacy campaign has been necessary where there are barriers to establishing an FDR.

A formal disclosure requirement (FDR) is the term used by CoST for the administrative or legal basis that provides the authority and the requirement for procuring entities to disclose information in the Infrastructure Data Standard (IDS) format from their infrastructure projects into the public domain. Following the establishment of an FDR, the expectation is that a country will move from PEs disclosing on a voluntary basis on a small number of projects to a rapid growth in disclosure across the public sector.

To date three former pilot countries (Guatemala, Ethiopia and Vietnam) and one new country (Honduras) have established FDRs. Two additional countries (Malawi and Tanzania) have taken important steps towards establishing an FDR. This includes identifying the appropriate legal mechanism and in the case of Malawi, obtaining Government support for it to go before parliament during its next session. Although this is lower than the targets in the DGF agreement we still regard this as a considerable achievement given the challenge of persuading Governments in often challenging environments to adopt what we consider to be radical change in the delivery of public infrastructure.

Establishing a FDR can provide an indication of the effectiveness of an MSG especially if they have overcome significant political and legislative barriers. This is demonstrated by the analysis in Table 3 on the following page which identifies some of the key steps towards establishing an FDR. The analysis compares the four countries who have established an FDR with two countries who have yet to establish an FDR.

The first step is an MSG commissioned scoping study or baseline study which identifies the gap between the current legal requirements for proactive disclosure and the IDS. It may also identify the appropriate legal, regulatory or policy instrument for the FDR. Secondly, the MSG will often have representation from a Government oversight authority such as the public procurement authority who is able to advise the MSG and influence the development of the FDR. However, it is not clear if it is the Government oversight authority representative or the MSG who then drives its development. Thirdly, and most importantly, high-level political support is required to steer the FDR through the political and legislative process.

None of the 4 countries that have established a FDR have required a public campaign to build support for an FDR. However, where an MSG finds there is a barrier to establishing an FDR then an advocacy campaign becomes important. For example, Malawi has recently used the media and engaged parliamentary committees to build public support for an FDR. This campaign has led to the appointment of Vice President, Saulos Chilima as the new CoST Champion who has committed to supporting the FDR through parliament.

In contrast, the Tanzania MSG has not been able to persuade the Public Procurement Regulatory Authority to use its legal mandate to demand information from procuring entities as an FDR. The MSG has also not developed an advocacy campaign that would put pressure on the Government to establish the FDR. Based on the above analysis additional guidance for MSGs is required on influencing stakeholders and developing an advocacy campaign for establishing an FDR. It is also important to emphasise to MSGs that influencing and advocacy can be achieved with a relatively small budget.

---

6 The target in the DGF agreement was for 6 former pilot countries and 5 new countries to establish an FDR.
<table>
<thead>
<tr>
<th>Country</th>
<th>% of data that had to be legally disclosed prior to FDR</th>
<th>FDR established</th>
<th>Instrument</th>
<th>MSG influence</th>
<th>Use of advocacy</th>
<th>Role of the political Champion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethiopia</td>
<td>55</td>
<td>Yes</td>
<td>Public Procurement and Property Administration Agency (PPPAA) uses existing legal powers to demand that PEs disclose the IDS</td>
<td>PPPAA represented on the MSG</td>
<td></td>
<td>The Commissioner for Federal Ethics and Anti-Corruption has been a strong advocate of CoST across Government</td>
</tr>
<tr>
<td>Guatemala</td>
<td>87</td>
<td>Yes</td>
<td>Regulations of the Organic Law of the National Budget</td>
<td>MSG Chair &amp; Commissioner for Transparency &amp; E-Procurement reports to the Vice President</td>
<td></td>
<td>The Vice President introduced the regulations into the Senate</td>
</tr>
<tr>
<td>Honduras</td>
<td></td>
<td>Yes</td>
<td>Presidential Executive Order</td>
<td>The MSG recommendation to the Minister for Infrastructure and the President. Presidential Advisor is an MSG member</td>
<td></td>
<td>Minister of Infrastructure has promoted CoST at cabinet meetings.</td>
</tr>
<tr>
<td>Malawi</td>
<td>45</td>
<td>No</td>
<td>Public Procurement Act amendments supported by regulations</td>
<td>Office of the Director of Public Procurement is represented on the MSG</td>
<td>Public radio debates and meetings with Parliamentary Committees</td>
<td>The lack of a political Champion and political instability meant that the amendments have not been tabled before Parliament. It is anticipated that the new Champion will change this.</td>
</tr>
<tr>
<td>Tanzania</td>
<td>61</td>
<td>No</td>
<td>Public Procurement Regulatory Authority uses its existing legal mandate to demand that PEs disclose the IDS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vietnam</td>
<td>32</td>
<td>Yes</td>
<td>Construction legislation amended with supporting new regulations</td>
<td></td>
<td></td>
<td>Minister for Construction</td>
</tr>
</tbody>
</table>

7 The data is obtained from, CoST 2011, ‘Report on baseline studies: International Comparison’. 
There would be value in undertaking a heuristic grading of the relative strengths of the FDRs. For example, we consider a policy based FDR to be a relatively weak as it could be overturned by an official without recourse to the legislative process. In contrast, a law that has been passed by an elected legislature is considered a strong FDR especially if they are supported by regulations. However, the respective legal systems in the countries involved are very diverse and further research is required to develop our understanding of the strengths and weaknesses of the instruments used to establish an FDR and to use that knowledge to provide support and guidance.

2.4 Ensuring compliance with the formal disclosure requirements

The formal disclosure requirement supported by e-procurement systems can provide a basis for delivering systemic change in the transparency of public infrastructure. This is demonstrated by the rapid growth in the amount of data disclosed in Guatemala. It also requires procuring entity capacity to disclose the data, strong oversight authorities to enforce the FDR and civil society capacity to hold the procuring entities to account for non-compliance with the FDR.

Since its’ FDR came into force, between August 2014 and March 2015, 240 Guatemalan procuring entities have disclosed data on 1240 projects. This evidence demonstrates that an FDR can provide a legal basis for delivering systemic change in the transparency of public infrastructure. However, a key finding from the pilot was the gap between the current legal requirements for disclosing and actual disclosure by the procuring entities. Thus, we cannot assume that procuring entities will start disclosing proactively once an FDR has been established.

In 2012, studies were commissioned in Tanzania and Ethiopia to establish the challenge of mainstreaming disclosure within a procuring entity. It revealed considerable variations between the procuring entities in their capacity to mainstream disclosure. It emphasised that those procuring entities with effective information management systems are more likely to succeed in mainstreaming the CoST disclosure requirements. Building the awareness and capacity of procuring entities to meet the new legal requirements would be critical if transparency in public infrastructure is to be realised.

Guatemala and Ethiopia have improved procuring entity capacity to disclose by developing guidelines on disclosure for procuring entities. They have also developed e-procurement platforms as the principle channel for disclosure and then delivered a training programme on the FDR and how the data for disclosure should be collected and disclosed. However, in contrast to the high number of projects disclosed in Guatemala, no data have been disclosed by PEs in Ethiopia from their infrastructure projects.

Given the capacity building programme that has taken place in Ethiopia, a better understanding is required of how wider political economy factors may lead to non-compliance with the FDR. This includes the role of oversight authorities in enforcing the FDR and a lack of capacity and space for civil society to hold the procuring entities accountable for non-compliance with the FDR.

To overcome this challenge the MSG has signed Memorandum of Understanding with the participating procuring entities which sets out the number of projects the procuring entity with disclose in a year. The MSG could also use the assurance process to hold procuring entities to account for poor compliance with the FDR. Since the pilot, the scope of the assurance process has been broadened to identify the level of compliance by procuring entities with the FDR.

2.5 Delivering assurance reports

Assurance reports continue to highlight issues of concern such as extensive time and cost increases that are of interest to the public. However, there are challenges with delivering quality reports in simple language that the public can easily access and understand.

Over the last three years, five assurance reports have been published from four countries (Ethiopia, Guatemala twice, Malawi and Vietnam) with 95 projects examined – see Table 4 on the following page. The reports continue to highlight issues of concern especially relating to huge

---

8 Funded through a short-term agreement with GIZ
increases in cost and construction time, and poor design and preparation. These issues have led to a public debate on the performance of the procuring entities. The assurance reports also capture the average level of compliance with the disclosure requirements and the aggregated performance statistics that usually relate to increases in cost and the length of time for construction – see Figure 1 below.

Table 4: Number of projects included in the assurance process per year and average levels of disclosure compliance

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of projects</td>
<td>Ave. disclosure compliance %</td>
<td>No. of projects</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>0</td>
<td>0</td>
<td>16</td>
</tr>
<tr>
<td>Guatemala</td>
<td>0</td>
<td>0</td>
<td>18</td>
</tr>
<tr>
<td>Malawi</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Vietnam</td>
<td>9</td>
<td>55</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>9</td>
<td>18</td>
<td>68</td>
</tr>
</tbody>
</table>

Figure 1: Average increase in construction cost on the projects that have been subject to assurance

However, the assurance reports are highly technical, very lengthy, sometimes of poor quality and hard to find on the relevant website. As a consequence, the reports are too often inaccessible to the public with the potential impact of the findings compromised. Further guidance on the structure, style, extracting key messages and format of an assurance report will be developed by the International Secretariat.

We are also aware that one assurance team censored their report as they were concerned that they would not receive future consultancy work from the procuring entities they were examining. Future guidance will encourage the assurance team to present their ‘uncensored’ findings and to declare any conflict of interest and their concerns prior to appointment. MSGs are also

913 of 37 projects had been part of the 2013 assurance process.
encouraged to recruit individual experts rather than consultancy firms to minimise potential conflicts of interest.

In the pilot, assurance teams collected the data as the procuring entities were either unwilling or did not have the capacity to disclose the data. Once an FDR is established, it is expected that the assurance teams will verify the disclosed data for accuracy and completeness. In the absence of a formal disclosure requirement, PEs were asked to proactively disclose on a voluntary basis. This was achieved in Vietnam during their bridging phase\(^\text{10}\) and Honduras where thirteen projects were recently disclosed on their e-procurement system, SISOCs. However, it remains a challenge elsewhere with the assurance teams in Ethiopia and Malawi continuing to collect the data as they did in the pilot.

The Guatemalan assurance process is more efficient than the pilot model. The assurance team initially verifies the data that is contained in the Infrastructure Data Standard and has to be legally disclosed. It then requests the data on the IDS that does not have to be legally disclosed from the procuring entities. MSGs will be encouraged to adopt this process where an FDR has yet to be established.

2.6 Developing the Infrastructure Data Standard

The shift from disclosing documents in the pilot that are difficult for the public to understand to disclosing summary data in the Infrastructure Data Standard (IDS) format was supported by evidence from a study into disclosure on PPP contracts.

During the pilot, procuring entities were asked to disclose a mix of summary data and complete documents. The pilot found that some of the data was clear and could be understood by the public without expert interpretation.\(^\text{11}\) However, there was a considerable challenge in disclosing documents such as tender evaluation reports and feasibility studies as they were often hard to find due to poor information management systems and difficult for the public to understand.

The List of Project and Contract Information that was identified for the Global Programme placed an emphasis on disclosing concise and consistent data that was amendable to electronic data processing that could be easily searched and analysed. It was also thought to be less time consuming for procuring entities to capture and disclose summary data than large documents. There is also greater flexibility in the formats and channels (e.g. websites, newspapers, community buildings and construction site boards) that summary data can be disclosed which helps to maximise the potential audience. It was also important to contextualise the disclosed data by providing summary explanations for some numerical fields. For example, the reasons for a cost increase should be summarised and disclosed alongside the numerical figure.

Documents remain part of the IDS but as part of list of information that a procuring entity discloses upon request. This includes feasibility study, tender evaluation report, technical audits and project evaluation reports. It is within these documents that stakeholders can find out about the quality of the infrastructure.

The scale of disclosure in Guatemala indicates there is considerable potential to analyse a huge amount of data that will identify trends in delivering public infrastructure within the country. For the data to be useful for this purpose requires it to be disclosed in an open data format\(^\text{12}\). In recognising this potential and the opportunity to align with open data standards such as the Open Contracting Data Standard, the List of Project and Contract Information has been renamed the CoST Infrastructure Data Standard. However, as the Standard was developed by infrastructure specialists, CoST requires a data specialists to review the IDS and give guidance on how to disclose the data in an open data format and to maximise its potential use.

\(^{10}\) Following the pilot, CoST Vietnam started a ‘bridging phase’ where the new disclosure and assurance processes were tested on nine projects over a twelve month period.


\(^{12}\) The Open Data Institute define open data as data that anyone can access, use and share.
Given the capacity of the majority of CoST countries, it may be sometime before this potential can be realised. However, ensuring the IDS is viewed as an international open data standard is essential to the reputation of CoST as being at the forefront of the transparency and open data movement and to attracting high and middle income countries that have the capacity to disclose in this format.

Our approach of capturing summary data is supported by a recently published World Bank ‘Guide to Disclosure in Public-Private Partnership projects’. Given this support and the interest in Central America, we are keen to test the IDS on a PPP scheme. We do not anticipate the core of the IDS to change. However, it is likely to be a challenge to capture data between the private procuring entity and their supply chain. Countries may also opt to capture additional data on the allocation of risk and during the operations and maintenance stages.

2.7 From transparency to accountability: building demand for the disclosed data

Examples are emerging which demonstrate that MSGs can build demand amongst civil society and the media in the disclosed data and the assurance reports and influence key decision-makers to act on the issues raised.

There have been several steps towards building demand within civil society for the disclosed data. For example, Malawi used regional civil society and media workshops to build demand for CoST. They also held a disclosure workshop on the assurance report and contributed towards radio debates, features and documentaries. There was also considerable media coverage of the assurance reports in Ethiopia and Guatemala following their respective disclosure events. Newspapers have linked the recent departure of the Head of the Ethiopian Roads Authority to the assurance report.

MSGs can use the assurance report findings as part of a broader advocacy strategy to informally influence procuring entities to review a project or improve its governance. It could also use the findings to persuade an oversight authority to carry out a further investigation into a project of concern, a key step within the new assurance process. Guatemala has gone some way towards this by re-examining 13 projects from the 2013 assurance process in the 2014 assurance process. However, the assurance report does not seem to have referred back to the previous report to see if there have been any changes. There is also potential for the disclosed data and the assurance findings to be used as part of social audits and by community groups who are monitoring contracts. Finally, MSGs can use the findings to build a campaign amongst civil society that demands action by the worst performing procuring entities. However, some Coordinators and MSGs lack the knowledge and capacity to develop a media campaign that would build this demand.

Our initial technical assistance workshops have tended to focus on disclosure, assurance and multi-stakeholder working. Building demand had been neglected because the emphasis was on disclosing information and what happened once the information was disclosed was seen as relatively less urgent. More recently, we have included sessions on building demand in both a Coordinators Workshop and the Central America Regional Workshop. Key to the success of these sessions, is emphasising that MSGs can be a highly influential agent in persuading a key stakeholder to make a decision that will improve a project or introduce wider governance improvements. Figure 2 provides an illustration of how we have presented a story of change based on a recent example from Malawi.
Going forward, MSGs need to place a greater emphasis on communications and advocacy within their strategic plan. MSGs should also be open to using reports published by other organisations to help build demand for transparency and accountability. For example, the audit institutions in Tanzania and Zambia have both published reports with considerable evidence of potential corruption and mismanagement that the MSGs could have used to help build the case for greater transparency and accountability in public infrastructure and specifically for CoST.

EAP has developed a guidance note on stakeholder engagement and revamped the communications toolkit for publication in early 2016.

2.8 Supervision and monitoring of MSG activities and disbursement of DGF funds

There is a demand from both national and international stakeholders for the International Secretariat to provide hands on support to national programmes in setting and maintaining standards.

A key achievement has been the development of robust systems for monitoring MSG activities and their use of DGF funds. This has principally been based on annual funding application and the submission of a national report card on the activities and expenditure of the MSG every six months. Disbursements are only made following submission of a satisfactorily completed report card along with copies of receipts and invoices. The non-submission of this information has meant that Zambia has not been eligible for funding since 2012. Initially, funding applications and progress reports were poor. By being robust in our approval process and some coaching of coordinators we have seen a marked improvement in their quality. The information in the report cards is used to report to the Board.

In 2013, a Memorandum of Understanding (MoU) was introduced to define the relationship and responsibilities between typically, the MSG, the host organisation and the International Secretariat. Although not legally binding, the MoU provides greater accountability between the parties especially the host organisation.

From our conversations with international and country stakeholders it is clear that the role of the International Secretariat in setting and maintaining standards is fundamental to the credibility of CoST. The standards not only concern what is disclosed but the participation of the different stakeholder groups and how the programme is managed. This role often concerns informal conversations with the key stakeholders in each country to better understand the challenges of implementing CoST within the local political, social and economic context. These challenges can relate to the micro level such as the changing dynamics of the MSG (Ethiopia), the influence of the government or host (Guatemala, Malawi) and negotiating with a potential sponsor to a macro-level impact on CoST, such as social and political upheaval (Ukraine) and major corruption scandals (Malawi, Uganda). As CoST grows, the demands on the International Secretariat to help resolve these problems will increase.

To emphasise this role, formal letters from the Board outlining the achievements and their concerns of each national programme are sent to the MSG following each meeting. This will ensure those poor performing countries are aware that improvements are required and provide
encouragement to well performing programmes. This will be further enhanced by introducing a performance monitoring process that could lead to a country being declared inactive and ultimately lead to their CoST status being revoked. This followed concerns within the International Secretariat that there were no formal procedures for managing poor performing countries.

3. Establishing a CoST Global Program

3.1 Delivering the design document

*The design document provided a thorough examination of the different options for taking the programme forward. However, its use as a base document for promotional and guidance material may have contributed to creating an impression of an overly technical programme. Market research into donor attitudes towards CoST in April 2014, indicated that this approach was a possible barrier to potential funding.*

One of the final tasks of the pilot phase was the production of a ‘design document’. It provided ‘options’ for the future programme, rather than a ‘blueprint’. It was subject to a consultation process with the former pilot countries that led to some significant changes. Most notably was the change in certifying countries as CoST compliant to an index based system. Certification was viewed as highly complex to design and implement in such an array of different political, economic and social contexts. An Index based system would provide an opportunity to measure improvement and poorer performance.

The Board decided not to immediately publish the design document. Instead, the Board opted to publish a summary of the design document and a series of Guidance Notes as they would be more digestible and easier to understand and use. The Guidance Notes provide comprehensive guidance on what MSGs and Coordinators need to consider when establishing and implementing a CoST programme. As of 31st December 2014, there were over 700 downloads of the Guidance Notes.

However, market research into donor attitudes towards CoST suggests that the programme appeared overly technical to that audience and that it may not connect to its core message of greater transparency and accountability in public infrastructure. For example, the CoST factsheet states that ‘Within participating countries, the goal is to establish a public disclosure process for the construction sector that is viable and appropriate to country conditions, that is sustainable in the medium and long term as a government system, and that achieves a credible and substantial level of compliance in the relevant sector entities’.

To help improve their clarity, the Guidance Notes, website and are other promotional material needs to demonstrate how each feature of the CoST programme contributes towards increasing transparency and accountability in public infrastructure.

3.2 Building global demand for transparency and accountability in public infrastructure

*Participation in events organised by the G20, OECD, and the Open Government Partnership demonstrates that CoST is recognised as a thought leader in transparency and accountability in public infrastructure. However, the lack of global media interest remains a challenge.*

The endorsement of the G20 at the 2011 Cannes Summit was a significant boost to the programme. Our profile was raised again following the endorsement of Prime Minister David Cameron in the run-up to the 2013 G8 summit. Our profile has grown steadily by participating at events organised by the G20, OECD and the OGP to the extent that CoST is now considered a thought leader in transparency and accountability in public infrastructure. This is demonstrated by the World Bank commissioning CoST to write a paper for the G20 Anti-Corruption Working Group on corruption and governance risks in public sector construction in early 2014. We have also seen a rapid increase in the number of visitors to the website (see figure 3 on the following page) and a growing number of followers on twitter.
Figure 3: CoST website visitors
We have also re-launched the website and issued 12 press releases usually to announce new country programmes during the period of the DGF agreement. However, it has been a challenge to gain global media interest in CoST\textsuperscript{13}. As our communications strategy prioritised fundraising and engaging donors, there was not the available resources to invest in building relationships with journalists. With the funding now secure, the strategy is likely to focus on building interest in transparency and accountability in public infrastructure. Key to this will be engaging with influential organisations whose blogs and newsletters are read by key decision-makers.

It will also be important to engage with civil society as part of this strategy to identify how they can support this issue. Currently there is no civil society organisation (such as Publish What You Pay or Global Witness in the extractives sector) building demand at a global level for greater transparency and accountability in infrastructure.

3.3 Assessing applications to join CoST

\textbf{a} Attracting six countries from four continents demonstrates the global importance of transparency and accountability in public infrastructure. However, we have yet to sufficiently demonstrate the value of CoST to persuade a G20 or OECD country to join the programme.

Perhaps the biggest achievement from the last three years has been for 6 countries from 4 continents to join CoST. This is just short of the target of 8 countries that had been anticipated in the DGF agreement. However, this target was based on additional resources being brought into the programme that were not realised. Applications to join CoST would arrive via four different routes. Firstly, they were countries that had expressed interest in CoST during the pilot (Uganda, Botswana). Secondly they were part of our strategy of developing regional clusters (El Salvador, Honduras, and Mexico). Thirdly, local stakeholders usually from government approached the International Secretariat expressing an interest in the country joining CoST (Thailand, Afghanistan). Finally, donor country office were promoted CoST to local stakeholders (Ukraine, Honduras).

As well as developing regional clusters of CoST countries, our strategy was to persuade a second G20 country to join the UK as a CoST participating country. An additional G20 country would have significantly raised the profile of CoST and demonstrated that CoST was a programme for high and middle income economies as well as low income countries. We also believed that G20 countries were likely to be reasonably efficient in implementing CoST and would not require financial resources from the International Secretariat. We have not been able to identify a common reason why the targeted G20 countries (South Africa, Mexico and Indonesia) have not joined CoST. Each seems to have had its own reasons for not applying whether it was a change in government in Mexico or security/political concerns in South Africa.

A priority for 2015 is a successful independent pilot in Mexico that sees the Government apply to join CoST and to assess if there is sufficient interest in CoST in the new Indonesian government. We are also engaging OECD accession countries from Latin America through a UK Foreign and Commonwealth Foreign funded workshop later this year. However, given the challenges of implementing CoST in the UK and the failure to attract a G20 or OECD country to join CoST, research is required to understand the value of CoST to high income countries.

\textbf{b} Identifying and managing political economy risks during the engagement and application process to join CoST is critical to understanding the potential challenges of establishing a country programme. Establishing successful programmes requires high level political support, private sector and civil society engagement and immediate funding.

In hindsight, the first applications were not of high quality and were subsequently slow to establish their programme. Since then the standard of applications has considerably improved. Critical to a good application has been supportive letters from the different stakeholder groups. This has usually led to good progress in establishing and implementing their CoST programmes.

\textsuperscript{13}The exception has been the Guardian who have include several articles on CoST and have invited CoST to join on-line debates and to provide a quotes for articles on infrastructure investment. There has also been one blog for the Financial Time.
Table 5 below shows the contrast in the relative progress of El Salvador and Honduras; neighbouring countries with similar political, economic and social histories. The comparison illustrates the importance of high level political support, early engagement with the private sector and civil society and having funding immediately available to establishing a successful programme.

When engaging with countries with political and economic challenges, it is essential that the potential risks are evaluated at an early stage. The risks relate to the potential for the programme to succeed plus the potential reputational risk for CoST. The risk assessment process now starts prior to an application during the engagement phase. For example, we approached the British Embassy in Bangkok and the Asian Development Bank shortly after an approach from the Anti-Corruption Network Thailand and the State Owned Enterprises to ascertain if the interest in CoST was genuine, if there was space for civil society to fully participate and to understand the potential path to restoring democracy. The International Secretariat also visited Bangkok prior to agreeing that an application could be submitted. By undertaking this due diligence we are more confident that the Thai programme will be successfully implemented.

Going forward, there will almost certainly be countries where the political and economic conditions are not conducive to a successful CoST programme and to admit them into the programme would be damaging to the brand. Our due diligence and risk assessment processes is critical to having the evidence that supports our case not to engage with these countries.

Table 5: Comparing progress in El Salvador and Honduras

<table>
<thead>
<tr>
<th></th>
<th>El Salvador</th>
<th>Honduras</th>
</tr>
</thead>
<tbody>
<tr>
<td>How was the programme initiated</td>
<td>Engaged with Government as part of a regional cluster strategy</td>
<td>World Bank dialogue with the Government and International Secretariat</td>
</tr>
<tr>
<td>Date joined</td>
<td>May 2013</td>
<td>August 2014</td>
</tr>
<tr>
<td>MSG established</td>
<td>December 2013</td>
<td>July 2014</td>
</tr>
<tr>
<td>Scoping study</td>
<td>March 2015</td>
<td>February 2015</td>
</tr>
<tr>
<td>Formal Disclosure Requirement</td>
<td>No</td>
<td>January 2015</td>
</tr>
<tr>
<td>Political support</td>
<td>Minister of Public Works</td>
<td>President of the Republic and Minister of Infrastructure</td>
</tr>
<tr>
<td>Private sector and civil society support</td>
<td>Engagement started after joining the programme</td>
<td>Wrote letters in support of the application</td>
</tr>
<tr>
<td>Disclosure start date</td>
<td>Yet to start</td>
<td>December 2014</td>
</tr>
<tr>
<td>Funding</td>
<td>International Secretariat Grant of $26k</td>
<td>Using World Bank and IADB budget support totalling $400k</td>
</tr>
</tbody>
</table>

3.4 Defining a CoST programme

The ‘islands of integrity’ approach of starting country programmes with one reform minded procuring entity has considerable merit. However, it has been a challenge to justify the use of the country programme brand for a small-scale programme. There are also questions whether a single membership category is appropriate given the diversity of investors in public infrastructure.

Half of the applications to join CoST to date (El Salvador, Uganda, and Ukraine) have been led by a procuring entity. The application fulfils our entry requirements of one procuring entity agreeing to disclose data on their infrastructure programmes. This ‘islands of integrity’ approach provides a means of establishing a programme in a reform minded institution that could become an example
across government and be a basis for scaling-up the programme. However, it is a challenge to justify using the country programme brand when only one procuring entity is participating. The Ministry of Public Works in El Salvador and Ukravtodor in Ukraine were also clear that we could not refer to their programmes as a ‘Country’ programme.

We have also received approaches on behalf of large municipalities such as Sao Paulo and regional governments such as Orissa, India expressing their interest in CoST. Clearly a CoST Sao Paulo programme is attractive but it is unlikely that we could use the CoST Brazil brand without the approval of the Federal Government.

If CoST continues with a single membership category, the definition of a country programme needs to be clarified. We may also need to consider raising the bar for joining CoST with possibly 3 or 4 procuring entities participating; a similar number to the pilot. Sub-national levels of government would be able to join if they have the approval of central Government to start a national programme. They would also be able to draw on guidance that is publicly available to commence an independent programme. The alternative option is to establish different categories of national and sub-national membership (regional, city etc.) with the entry requirements reflecting the characteristics of central and sub-national government.

3.5 Obtaining additional financial resources

A construction focus and a lack of clarity on how CoST has a human impact has hindered fundraising efforts. This problem was compounded by confusing signals from DFID about its support for CoST beyond the pilot phase.

We are excited by the recent agreement in principle from DFID to invest significant resources into CoST that will allow it to scale-up as intended. This investment is principally due to the support of the DGF in ensuring that CoST remains operational through a challenging period.

Despite this investment, turning political support for CoST within the donor community into financial support has been the biggest challenge over the last three years. Losing the UKs’ Department for International Developments’ (DFID) financial support after the pilot almost certainly sent out the wrong message to the donor community. Although the World Bank provided excellent support for CoST through the G20 process, the high level political support diminished during the course of the agreement.

To understand the barriers to donors providing financial support to the international programme, in March 2014 the International Secretariat commissioned a market research consultant to examine donor attitudes to CoST. The findings highlighted that whilst there is broad support for CoST, there are a number of key issues that help to explain the potential reasons why CoST has not attracted the financial support that had been expected. This included a lack of clarity of the CoST product and its human impact. It also suggests that we should emphasise infrastructure over construction and be more focused in the donor organisations we engage with. The findings are being used to clarify the CoST product and develop the brand and communications strategy with a greater emphasis on infrastructure.

Despite these challenges, Table 6 on the following page shows that EAP has received an additional $667k has been leveraged for the international programme during the course of the DGF agreement. With the DGF grant concluding, the €1m funding agreement with the Dutch Ministry of Foreign Affairs provides a life line for the programme.
Table 6: Non-DGF funding for the international programme 2011-2014

<table>
<thead>
<tr>
<th>Source</th>
<th>Period</th>
<th>Amount (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GIZ</td>
<td>Sep 2012-Jan 2013</td>
<td>261,049</td>
</tr>
<tr>
<td>Ugandan National Roads Authority- UNRA workshop/Regional workshop</td>
<td>Mar-14</td>
<td>33,200</td>
</tr>
<tr>
<td>National Council for Construction Zambia-Regional workshop</td>
<td>Mar-14</td>
<td>1,393</td>
</tr>
<tr>
<td>Botswana Public Procurement and Asset Disposal Board- Technical Assistance</td>
<td>Apr-14</td>
<td>1,459</td>
</tr>
<tr>
<td>Ugandan National Roads Authority- Technical Assistance</td>
<td>Jun-14</td>
<td>16,980</td>
</tr>
<tr>
<td>Honduras- Unidad Ejecutora de Banco Mundial/INSEP- Technical Assistance</td>
<td>Jul-14</td>
<td>11,920</td>
</tr>
<tr>
<td>World Bank Honduras-Capacity Building Workshop (San Salvador)</td>
<td>Nov-14</td>
<td>5,050</td>
</tr>
<tr>
<td>Dutch Ministry of Foreign Affairs</td>
<td>January 2014-December 2014</td>
<td>336,021</td>
</tr>
<tr>
<td><strong>Total USD</strong></td>
<td></td>
<td><strong>667,071</strong></td>
</tr>
</tbody>
</table>

There has also been a trend towards national programmes purchasing technical assistance from the International Secretariat. We have also built a wide network of supporters in bilateral and multilateral donors including the African Development Bank, the Asian Development Bank, the Inter-American Development Bank, the European Commission, the European Bank for Reconstruction and Development, the Millennium Challenge Cooperation and GIZ.

The MSGs have been more successful in raising funds from country and regional donor offices for their respective programmes as Table 7 on the following page demonstrates. The grants have been relatively small and on a short-term basis of 1 to 2 years. However, this is beginning to change with an additional $863k committed to national programmes for 2015 principally to countries who have joined CoST during the course of this agreement. We are also confident that those new countries without funding are likely to be successful this year. The consistent funding of the Guatemalan programme by the Government has led to establishing and FDR, an e-procurement platform for disclosure and an assurance process that has become a routine activity. The Thai Government is also funding its CoST programme.

However, the current funding position of the former pilot countries is of serious concern. With the Ethiopia and Malawi funding agreements with their respective donors due to end in June 2015, seven of the former pilot countries have no guarantee of funding beyond this date.

### 3.6 Private sector support

The number of international private sector supporters indicates there is interest and support for CoST. However, more work is necessary to ‘flesh out’ what it means to be a private sector CoST supporter.

Since the start of the DGF agreement, support for CoST from the international private sector has grown from 6 to 10 with Arup, IMC Worldwide and Bechtel all pledging their support. CoST now has the support of 3 of the top 8 global construction contractors (Bechtel, Strabag and Skanska) as well as the most influential global consultant and contractors associations in FIDIC and EIC. We believe this is an impressive achievement, as engaging the private sector has not been a priority due to the lack of resources.
<table>
<thead>
<tr>
<th>Country</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>Total</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghanistan</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>unknown</td>
<td>0</td>
<td>0</td>
<td>Coordinator employed by government since August 2014. Salary unknown. Potential 2015 funding from ADB/DFID/GIZ</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>0</td>
<td>0</td>
<td>40,000</td>
<td>80,000</td>
<td>40,000</td>
<td>160,000</td>
<td>DFID funding of £100k. Further funding from DFID likely</td>
</tr>
<tr>
<td>El Salvador</td>
<td>n/a</td>
<td>n/a</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>Funding from IADB likely in 2015</td>
</tr>
<tr>
<td>Honduras</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>67,000</td>
<td>358,000</td>
<td>425,000</td>
<td>World Bank &amp; IADB funding through budget support.</td>
</tr>
<tr>
<td>Guatemala</td>
<td>0</td>
<td>IADB</td>
<td>100,000</td>
<td>150,000</td>
<td>150,000</td>
<td>400,000</td>
<td>Unknown amount from IADB in 2012. Government funded since then.</td>
</tr>
<tr>
<td>Malawi</td>
<td>0</td>
<td>0</td>
<td>62,500</td>
<td>62,500</td>
<td>0</td>
<td>125,000</td>
<td>AfDB funding. No imminent funding for 2015</td>
</tr>
<tr>
<td>Philippines</td>
<td>20,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>20,000</td>
</tr>
<tr>
<td>Tanzania</td>
<td>0</td>
<td>40,000</td>
<td>40,000</td>
<td>0</td>
<td>0</td>
<td>80,000</td>
<td>DFID Funding disbursed in 2013 is still unspent. No imminent funding</td>
</tr>
<tr>
<td>Uganda</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>115,000</td>
<td>115,000</td>
<td>230,000</td>
<td>$300k over 5 years from AFDB but uncertain of disbursement arrangements. So took a yearly average plus $40k per year from the government</td>
</tr>
<tr>
<td>Ukraine</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>0</td>
<td>200,000</td>
<td>200,000</td>
<td>2015 funding is from DFID managed by the World Bank</td>
</tr>
<tr>
<td>UK</td>
<td>0</td>
<td>unknown</td>
<td>unknown</td>
<td>unknown</td>
<td>unknown</td>
<td>0</td>
<td>In-kind ICE secretariat support has not been calculated. Not eligible for DGF funding</td>
</tr>
<tr>
<td>Vietnam</td>
<td>0</td>
<td>156,000</td>
<td>0</td>
<td>TBC</td>
<td>0</td>
<td>156,000</td>
<td>DFID funded last 6 months of 2014 but unknown amount</td>
</tr>
<tr>
<td>Zambia</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>20,000</td>
<td>196,000</td>
<td>242,500</td>
<td>474,500</td>
<td>863,000</td>
<td>1,796,000</td>
<td></td>
</tr>
</tbody>
</table>
However, there are some challenges with engaging the private sector. Firstly, several firms especially from North America were concerned that some public sector clients would be wary of employing a CoST supporter. This was partly due to the perception that a CoST supporter would be required to disclose data on the projects they were working on. It was then a real challenge to overcome these perceptions especially with the company lawyers providing risk adverse advice. Secondly, it has been a challenge to capture the benefits of CoST to the private sector beyond fairer competition and reducing business risks. It is also clear that some companies may lose out from greater transparency and accountability. Thirdly, the private sector is fragmented with many smaller national and regional firms especially when compared to the more consolidated extractives sector\(^\text{14}\). This is illustrated by Table 8 below where the supporting companies are not operating in 6 CoST countries, and outside of the UK, no country has more than 4 supporters operating.

Table 8: CoST Private Sector Supporter’s operations in CoST Countries

<table>
<thead>
<tr>
<th>Arup (UK)</th>
<th>Balfour Beatty (UK)</th>
<th>Bechtel (USA)</th>
<th>CH2M Hill (USA)</th>
<th>IMC Worldwide</th>
<th>Ramboll</th>
<th>Skanska</th>
<th>Strabag</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghanistan</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>El Salvador</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>√</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Guatemala</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Honduras</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Malawi</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Philippines</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>Tanzania</td>
<td></td>
<td></td>
<td></td>
<td>√</td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Thailand</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td></td>
<td></td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>Uganda</td>
<td></td>
<td></td>
<td></td>
<td>√</td>
<td></td>
<td>√</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Ukraine</td>
<td>√</td>
<td></td>
<td></td>
<td>√</td>
<td></td>
<td>√</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>UK</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td>√</td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>Vietnam</td>
<td>√</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Zambia</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4</strong></td>
<td><strong>2</strong></td>
<td><strong>4</strong></td>
<td><strong>3</strong></td>
<td><strong>5</strong></td>
<td><strong>1</strong></td>
<td><strong>1</strong></td>
<td><strong>4</strong></td>
</tr>
</tbody>
</table>

The concept of a CoST supporter originates from the pilot. However, there was insufficient thought given to what it meant to be a CoST supporter. There is also a tendency to view the international private sector as US and European based firms and yet we know they are being challenged by new players from the emerging markets of China, Brazil, Turkey and India. There are also established players in regional markets such as the Lebanese in North and West Africa.

Mapping the international private sector to ensure we really understand who the key players are across our CoST countries and within their wider regions is essential to understand the incentives and barriers to their participation in CoST. The findings will help to inform how CoST engages

---

\(^\text{14}\) Briefing Note 3: Transparency and Accountability in the Construction Sector provides an example from Tanzania where there are over 4000 registered construction contractors and only 18 registered extractive industry operators.
with the international private sector and if, and how the CoST supporter status should be developed.

There has also been the perception that the private sector can contribute significant funding to CoST. We believe this perception is based on a lack understanding of the market in construction services. As well as the market being fragmented, profit margins are notoriously small especially compared with similar size businesses in other industry sectors with a high risk that a loss will be made. 15The above mapping exercise will also help to identify the potential financial contribution from the private sector.

3.7 Supporting the Board

*The Board provides an important leadership and oversight function for CoST. It could be further strengthened with an investment of time and resources.*

Initially it took time for the Board to establish its role and responsibilities. However, since the changes in Board membership in 2013, there has been a noticeable increase in the capacity of the Board with individual members taking on more responsibility. This has been especially noticeable in assessing the merits and importantly the risks of applications to join CoST. The commitment of the Members - especially the Chair who makes himself available on a day-to-day basis to provide executive back-up to the International Secretariat and often travels to represent CoST in international forums- is remarkable given that they are volunteers who are not immersed in the programme.

The capacity of the Board could be further improved through a better understanding of the programme and how this relates to the broader policy objectives of increased transparency and accountability in public infrastructure. This will help Board members to identify and consider the substantive issues. Board members must also be familiar with the agreed key messages and use them when promoting CoST. Writing to the MSGs with their observations every six months will significantly improve the visibility of the Board.

If a place on the Board became available, we feel that is important to identify women and Latin American candidates to fulfil the role. This would help to create a more diverse and representative Board.

3.8 Identifying and measuring success

Demonstrating impact to its stakeholders is vitally important to the success of CoST. However, defining, identifying and measuring success for any transparency and accountability initiative has been a considerable challenge. This is best illustrated by following the results chain on the following page in figure 4.

In our Monitoring and Evaluation Framework, it was relatively straightforward to develop indicators and capture data for the transparency based outputs in the results chain as the MSG with its partners in Government are largely in control of the activity – see Table 9 on page 28. As you progress through the results chain, it becomes increasingly more difficult to capture the accountability based intermediate outcomes as it requires others (principally government) to act. Once you progress through the outcomes and impact, CoST will only be a contributory factor to these changes and it will require considerable resource to undertake the analysis.

In identifying how we can measure the impact of anti-corruption programmes, Klitgaard highlights the importance of case studies in supporting the theory of change and the quantitative analysis (especially when data may be thin) 16. However, it has been a challenge to develop case studies especially during the first two years of the grant when countries were restarting their programmes. This meant there was a reliance on the case studies from the pilot that are published in Guidance Note 1: Impact Stories.

---

15In the twelve months to June 2014, Balfour Beatty the largest UK contractor made a profit of £32m on a turnover of over £10bn. Over the same period and a very similar turnover, the retail company Marks & Spencer made a profit of £500m.

More recently, there has been more outputs from which case studies can be developed. Figure 2 on page 16 provides an example of a recent case study or a story of change that supports Klitgaard’s approach. By including the links between the output of an assurance report and the outcome of cancelling the road contract we can develop the story based on the theory of change. However, it highlights the absence of the MSG as a potential agent of change in our results chain. Similar stories of change are highlighted in the CoST films on Ethiopia and Guatemala where combined savings of $8m have been identified. The films also look at how CoST can contribute towards human lives whether through better schools, hospitals or transport, or reinvesting the cost savings in public services.

A monitoring and evaluation framework has also been developed based on the above results chain. One or two countries are now capturing the output indicators in the framework as part of the regular progress reports. EAP believes significant capacity building of MSGs is required to develop their national monitoring and evaluation frameworks. However, the lack of resources has meant we have not been able to carry out this capacity building and then roll out the monitor and evaluation framework.

Going forward, the monitoring and evaluation framework will be reviewed as part of the strategic review that is required by DFID as part of their support to CoST over the next 5 years. It would also benefit from a more participatory process that includes consulting with the MSGs and examining different approaches to monitoring and evaluation including outcome mapping as well as stories of change.
Table 9: Monitoring and evaluation indicators

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Indicator</th>
</tr>
</thead>
</table>
| 1. PEs are more accountable | 1.1 # of written challenges to the PEs from stakeholders  
1.2 # of written responses to challenges received by PEs.  
1.3 # of changes to projects following challenges raised  
1.4 # of changes to projects following assurance report or scoping/baseline study recommendations  
1.5 # of projects referred for further investigation following challenges raised  
1.6 # of changes to procedures introduced by PEs following challenges raised  
1.7 # of changes to procedures introduced by PEs following Assurance Report recommendations |
| 2. PEs capacity to disclose information is strengthened | 2.1 # of PEs receiving capacity support  
2.2 # of PEs participating in CoST  
2.3 # of oversight authorities receiving capacity support |
| 3. Systems in place giving the public access to reliable and detailed project information | 3.1. Date formal disclosure requirement is authorised  
3.2 Value of projects subject to disclosure.  
3.3 Average % of items disclosed  
3.4. Average frequency of disclosure  
3.5. # of errors in disclosed information |
| 4. Stakeholders better informed about construction projects | 4.1 # of assurance reports published  
4.2 # of challenges raised by stakeholders |
| 5. Strengthened capacity of MSG to oversee validation and interpretation of disclosures | 5.1 # of times MSG received support |


EAP believes it has managed the $1.5m grant from the DGF efficiently and judiciously. This is demonstrated by that our overheads have not exceeded 6% in any of the three years of the agreement (up to 10% was allowed) and that the budget was fully allocated by 31 December 2014.

The management of the grant was made more challenging than expected for three reasons. Firstly, finalising the design document was over $53,000 which was far more expensive than anticipated. This immediately placed financial pressure on EAP. There were also additional legal costs totally almost $20,000 to register CoST as a UK based charity. Secondly, the delays in finalising the agreement and disbursing DGF funding for Year 2 and Year 3 created a cash flow problem with EAP ‘bridging’ the gap in funding from its’ own resources to make essential payments (approx. $33,000 in year 3) and delayed making disbursements to country programmes. Having informed the DGF of the impact of the delays in the second year, we were very disappointed that the problem was repeated in the final year. Finally, as indicated earlier in
the report, we were not as successful in raising the additional funding that this agreement had anticipated.

Over the three years $345,176 was disbursed to country programmes. In the first two years, the priority was to disburse small grants to each former pilot country to re-start their programmes. Although the small grants had kept MSGs alive it had not proved a catalyst to achieving the expected results. In the final year, it was clear we could not afford to support all MSGs given that we had expanded to 12 countries. Thus, we prioritised those programmes where disclosure was likely to occur during that year. This competitive process proved to be successful with an improvement in the quality of the funding applications and reports and better results from the country programmes.

Table 10 on the following page provides a financial report for the International Secretariat for each of the three years. It indicates a small deficit of $31. Table 11 on page 31 provides a financial summary for each country in receipt of DGF expenditure.

5. Conclusions

We believe is probably still too early to draw firm conclusions as to whether CoST has developed the right approach to delivering greater transparency and accountability in public infrastructure. This is due to the lack of resources to fully implement the new design, the time it took to re-start country programmes and that CoST is still a relatively new programme. However, there are very promising signs and we are convinced that the approach has considerable merit and warrants further investment and development.

A considerable amount has been achieved during the grant period. Although it has taken longer than anticipated, CoST is now in a position to achieve the primary purpose of the grant which was to scale up into a Global Programme. This follows DFID’s agreement in principle to make a significant long-term investment in the programme. Six new countries from four continents have joined the programme, demonstrating the global demand for greater transparency and accountability in public infrastructure. We have also seen the establishment of FDRs in four countries and the potential to rapidly increase the transparency of public infrastructure.

However, there are still too many programmes where little progress has been made. We have also seen that it can still be a challenge to persuade procuring entities to comply with the law and disclose proactively. Whilst the assurance process continues to highlight issues of concern that can stimulate public debate, it remains a challenge to publish quality reports that are understandable and accessible to the public. There are some interesting examples of how the public can be engaged through the media. But we need to see a more rigorous and consistent engagement with civil society indirectly through the media and directly through citizen engagement to understand the tools and activities that will attract their interest and participation.

There are also a number of questions that have yet to be answered. Can the new features of the assurance process deliver the anticipated results? What is the potential of the Infrastructure Data Standard as an open data standard? Can CoST be successfully applied to PPPs? Given the diversity of how public infrastructure is delivered, is a single category of CoST membership appropriate?

We can draw some firmer conclusions on the conditions that are needed for success based on the experience of establishing six new country programmes. Key to this is political will and the broader political economy. Political will creates the impetus for an FDR to be established, and the enabling infrastructure that will support a culture of public disclosure. It is also more likely to lead to action on the issues the data and reports highlight. MSGs operate within an environment where political will can quickly change. However, broader political economy factors such as corruption scandals, civil unrest even the normal political cycle of elections can destabilise a programme and reduce momentum Thus, there is an imperative to use a window of opportunity when political will rises and understand and manage the risks when it falls.
Table 10: Financial Report - FY14 DGF Grant for the period 1 August 2013 to 31 December 2014 as of 31 Mar 2015

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Expenditure</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strengthening of CoST</td>
<td>201,123</td>
<td>235,000</td>
<td>33,877</td>
<td>184,480</td>
<td>200,000</td>
<td>15,520</td>
<td>194,966</td>
<td>191,531</td>
<td>-3,435</td>
</tr>
<tr>
<td>Establishing a Global CoST Programme</td>
<td>247,226</td>
<td>215,000</td>
<td>32,226</td>
<td>290,925</td>
<td>270,000</td>
<td>-20,925</td>
<td>237,556</td>
<td>225,000</td>
<td>-12,556</td>
</tr>
<tr>
<td>Independent Evaluation</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>55,131</td>
<td>50,000</td>
<td>-5,131</td>
</tr>
<tr>
<td>Overheads</td>
<td>35,120</td>
<td>50,000</td>
<td>14,880</td>
<td>24,502</td>
<td>30,000</td>
<td>5,498</td>
<td>27,987</td>
<td>50,000</td>
<td>23,013</td>
</tr>
<tr>
<td>Total</td>
<td>483,469</td>
<td>500,000</td>
<td>16,531</td>
<td>499,907</td>
<td>500,00</td>
<td>93</td>
<td>516,563</td>
<td>516,531</td>
<td>-32</td>
</tr>
</tbody>
</table>
Table 11: Financial report for each country in receipt of DGF funds

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>El Salvador</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>26,375</td>
<td>26,375</td>
<td>0</td>
<td>26,375</td>
<td>26,375</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>35,603</td>
<td>22,529</td>
<td>13,074</td>
<td>29,578</td>
<td>36,194</td>
<td>6,458</td>
<td>20,000</td>
<td>26,458</td>
<td>0</td>
<td>85,181</td>
<td>85,181</td>
</tr>
<tr>
<td>Guatemala</td>
<td>9,286</td>
<td>0</td>
<td>9,286</td>
<td>20,358</td>
<td>22,228</td>
<td>7,416</td>
<td>4,475.30</td>
<td>11,346</td>
<td>545</td>
<td>34,119</td>
<td>33,574</td>
</tr>
<tr>
<td>Philippines</td>
<td>20,763</td>
<td>14,390</td>
<td>6,373</td>
<td>24,416</td>
<td>20,094</td>
<td>10,695</td>
<td>10,000</td>
<td>19,916</td>
<td>779</td>
<td>55,179</td>
<td>54,400</td>
</tr>
<tr>
<td>Malawi</td>
<td>21,525</td>
<td>3,883</td>
<td>17,642</td>
<td>10,600</td>
<td>23,158</td>
<td>5,084</td>
<td>20,000</td>
<td>25,084</td>
<td>0</td>
<td>52,125</td>
<td>52,125</td>
</tr>
<tr>
<td>Tanzania</td>
<td>18,500</td>
<td>13,496</td>
<td>5,004</td>
<td>22,850</td>
<td>9,796</td>
<td>18,058</td>
<td>5,000</td>
<td>23,058</td>
<td>0</td>
<td>46,350</td>
<td>46,350</td>
</tr>
<tr>
<td>Ukraine</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>12,853¹⁷</td>
<td>12,853</td>
<td>0</td>
<td>12,853¹⁷</td>
<td>12,853</td>
</tr>
<tr>
<td>Vietnam</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>15,282</td>
<td>15,282</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>15,282</td>
<td>15,282</td>
</tr>
<tr>
<td>Zambia</td>
<td>17,938</td>
<td>6,718</td>
<td>11,220</td>
<td>0</td>
<td>0</td>
<td>11,220</td>
<td>0</td>
<td>0</td>
<td>11,220¹⁸</td>
<td>17,938</td>
<td>6,718</td>
</tr>
<tr>
<td>Total</td>
<td>123,615</td>
<td>61,016</td>
<td>62,559</td>
<td>122,854</td>
<td>126,752</td>
<td>58,661</td>
<td>98,703</td>
<td>86,159</td>
<td>12,544</td>
<td>345,402</td>
<td>332,858</td>
</tr>
</tbody>
</table>

¹⁷Paid directly to Adam Smith International for the Ukravtodor Scoping Study

¹⁸The balance has been returned to the International Secretariat
We also have some clear conclusions as to how and to what extent CoST, especially the MSGs, can influence change. Throughout the report, there is evidence of the potential of an MSG to influence change on establishing an FDR or on individual projects either through informal engagement with key stakeholders or through a broader advocacy campaign. This potential needs to be harnessed by being central to the MSGs long-term strategy alongside the technical components of building procuring entity capacity to disclose and delivering assurance reports. The rise and fall of political will and the MSGs role in influencing change should be reflected as assumptions within the CoST results chain. The results chain can then be used as a structure for capturing stories of change.

The International Secretariat’s role over the period of the grant agreement has also evolved with a much greater emphasis on identifying and managing political economy risks. Failure to do so likely to lead to a failing country programme and potentially undermine CoST’s reputation. There is also a strong demand from national and international stakeholders for the International Secretariat to be proactive in setting and monitoring standards of implementation. Thus, there is likely to be considerable interest when a country is declared inactive and when their CoST status is revoked.

Now that the long-term future of CoST has been secured, there is also like to be a stronger emphasis on advocacy at a global level. Given the difficulty of engaging the international media, a new strategy based on using the space offered by organisations with similar interests should be adopted. It will also be important to develop our social media platforms both as external tool to report on progress and build interest in the programme and as internal communications tool for our participating countries. However, there are questions as to how we engage the international private sector and civil society and their potential role in the programme.

Finally, we are very excited that DFID is committed to providing the investment that is required to scale-up CoST. This investment will help to provide us with the conclusions to the unanswered questions and demonstrate the value of greater transparency and accountability in public infrastructure.

6. Recommendations

The following recommendations are drawn from the findings and conclusions made in the previous sections.

a. Build the capacity of MSGs to develop an innovative strategy that engages key decision-makers, includes a broad-based advocacy campaign and directly engages with citizens. MSGs should also be encouraged to align with other Multi-Stakeholder Initiatives.

b. Develop guidance for MSGs on the options for identifying a host organisation or registering CoST as a legal entity based on how similar organisations such as the Extractive Sector Transparency Initiative or Transparency International manage their national operations.

c. Commission a data expert to develop guidance and a tool that maximises the potential of the Infrastructure Data Standard as an open data standard.

d. Commission a study to identify the value of CoST for high income countries.

e. Consider adopting different categories of CoST membership to reflect the potential for national and sub-national programmes.

f. Identity how CoST should engage with the international private sector by mapping the incentives and barriers to their participation before considering if and how the Supporter status should be developed.

g. Identify how international civil society organisations could support the International Secretariat in building demand for greater transparency and accountability in public infrastructure.

h. Develop a set of assumptions to the results chain based on political will and the role of the MSG. Use the results chain to develop a structure for stories of change and case studies from the country programmes.